

Assembly Bill No. 2548

Passed the Assembly August 24, 2000

Chief Clerk of the Assembly

Passed the Senate August 23, 2000

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2000, at _____ o'clock ____M.

Private Secretary of the Governor

└

CHAPTER _____

An act to add and repeal Section 12751.3 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 2548, Cox. Municipal utility districts: purchases.

The Municipal Utility District Act generally requires the purchase of supplies and materials by a municipal utility district to be let by contract to the lowest responsible bidder when the expenditure is in excess of \$25,000, or, in any district with a population of 250,000 or more, in excess of \$50,000, with annual adjustments to those dollar limits.

This bill would authorize the board of a district to provide for the purchase of supplies and materials, when the expenditure required exceeds \$50,000, by contract let in accordance with best value at the lowest cost acquisition, as defined. The bill would require a district that elects to purchase supplies and materials by contract let in accordance with those policies to submit a specified report to the Legislature on or before January 1, 2004.

The bill would require a district to ensure that all businesses have a fair and equitable opportunity to compete for, and participate in, district contracts awarded pursuant to its provisions and would prohibit discrimination in the award and performance of those contracts.

The provisions of the bill would be repealed on January 1, 2005.

The people of the State of California do enact as follows:

SECTION 1. Section 12751.3 is added to the Public Utilities Code, to read:

12751.3. (a) Notwithstanding Section 12751, a district may provide for the purchase of supplies and materials, when the expenditure required exceeds fifty thousand dollars (\$50,000), by contract let in accordance with best



value at the lowest cost acquisition policies adopted by the board pursuant to this section.

(b) The best value at the lowest cost acquisition policies adopted pursuant to subdivision (a) shall consider, but not be limited to, all of the following:

(1) Price and service level proposals that reduce the district's overall operating costs.

(2) Supplies and materials standards that support the district's strategic supplies and materials acquisition and management program direction.

(3) A procedure for protest and resolution.

(4) Any other factors the board determines to be relevant.

(c) For purposes of this section, "best value" means any factor or criterion established by a district to ensure that its business needs and goals are effectively met and that the district obtains the most value for an authorized acquisition. The term "best value at the lowest cost acquisition" means a competitive procurement process whereby the award of a contract for supplies and materials may take into consideration any of the following factors:

(1) The total cost to the district of its use or consumption of supplies and materials.

(2) The operational cost or benefit incurred by the district as a result of contract award.

(3) The value to the district of vendor-added services.

(4) The quality, effectiveness, and innovation of supplies, materials, and services.

(5) The reliability of delivery or installation schedules.

(6) The terms and conditions of product warranties and vendor guarantees.

(7) The financial stability of the vendor.

(8) The vendor's quality assurance program.

(9) The vendor's experience with the provision of supplies, material, and services.

(10) The consistency of the vendor's proposed supplies, materials, and services with the district's overall supplies and materials procurement program.



(11) The economic benefits to the general community, including, but not limited to, job creation or retention.

(d) If a district elects to purchase supplies and materials by contract, let in accordance with best value acquisition policies adopted by the board pursuant to this section, the district shall submit a report to the Legislature on or before January 1, 2004. The district shall include in the report a summary of the costs and benefits of best value acquisition compared to traditional low bid procurement practices. The report shall also include statistics showing the number of contracts awarded to small businesses, minority-owned businesses, and new businesses and the number of years each contract awardee had been in business. The report shall also include an analysis of the effects of best value procurement practices on these businesses, the nature of any disputes arising from the use of best value procurement practices, and the status of those disputes.

(e) The district shall ensure that all businesses have a fair and equitable opportunity to compete for, and participate in, district contracts and shall also ensure that discrimination in the award and performance of contracts does not occur on the basis of race, color, sex, national origin, marital status, sexual preference, creed, ancestry, medical condition, or retaliation for having filed a discrimination complaint in the performance of district contractual obligations.

(f) This section shall remain in effect only until January 1, 2005, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2005, deletes or extends that date.



Approved _____, 2000

Governor

